

## Message Text

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PAGE 01     PRETOR 03628 281326Z  
ACTION COME-00

INFO OCT-01 AF-10 ISO-00 EB-08 L-03 STR-07 TRSE-00  
/029 W

-----065677 290501Z /23

R 281152Z JUN 78  
FM AMEMBASSY PRETORIA  
TO SECSTATE WASHDC 1524

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E.O. 11652: N/A  
TAGS: ETRD, SF  
SUBJECT: PURCHASING ENTITIES OF THE CENTRAL GOVERNMENT

REF: STATE 147535

1. IN SOUTH AFRICA, OFFICE FOR STATE PURCHASES IN PRETORIA  
PROCURES FOR ABOUT 40 CENTRAL GOVERNMENT DEPARTMENTS.  
FOLLOWING AGENCIES AND GOVERNMENT COPRORATIONS HAVE OWN  
PURCHASING OFFICES: SA RAILWAYS AND HARBORS, SA AIRWAYS,  
SA BROADCASTING CORPORATION, ELECTRICITY SUPPLY COMMISSION,  
SA IRON AND STEEL INDUSTRIAL CORPORATION, COUNCIL FOR  
SCIENTIFIC AND INDUSTRIAL RESEARCH (CSIR). ATOMIC ENERGY  
BOARD PROCURES ON OWN BEHALF AND ALSO THROUGH TO HER AGENCIES  
SUCH AS CSIR. ARMAMENTS BOARD PROCURES THROUGH  
SEVERAL FRONTS. EACH OF FOUR PROVINCES HAS OWN PROCUREMENT  
DIVISION.

2. ALL PROCUREMENTS HANDLED BY OFFICE FOR STATE PURCHASES  
ARE SUBJECT TO DOMESTIC PREFERENCE BASED ON PERCENTAGE  
OF LOCAL CONTENT, I.E., FOR OVER 80 PERCENT LOCAL CONTENT,  
10 PERCENT IS DEDUCTED FROM BID PRICE; BETWEEN 70 AND 80  
PERCENT, 9 PERCENT IS DEDUCTED; 60-70 PERCENT, 8  
PERCENT IS DEDUCTED, ETC. ALSO, IN RECEIVING BIDS,  
STATE TENDER BOARD MAY, UPON RECOMMENDATION OF BOARD OF  
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TRADE OR DEPARTMENT OF INDUSTRIES ACCORD AN ADDITIONAL  
PREFERENCE IF ADVANTAGE IS SEEN FOR SA ECONOMY. NO  
RULES ARE STIPULATED FOR THIS ADDITIONAL PREFERENCE.

3. OTHER SAG ENTITIES PURPORTEDLY APPLY OWN RULES BUT  
AS A MATTER OF PRACTICE FOLLOW THE SAME FORMUAL AS THE  
CENTRAL AUTHORITIES WITH RESPECT TO LOCAL CONTENT

PREFERENCE. ALTHOUGH THEIR PROCUREMENTS ARE APPARENTLY NOT FORMALLY SCREENED IN SAME WAY AS IN STATE TENDER BOARD, OTHER SAG ENTITIES ARE BELIEVED LIKewise TO GIVE WEIGHT TO OVERALL ECONOMIC ADVANTAGES FOR SA ECONOMY.

4. WITH EXCEPTION OF ARMAMENTS AND ATOMIC ENERGY BOARDS, SEE NO REASON WHY WE SHOULD NOT SEEK TO INCLUDE ENTITIES LISTED ABOVE UNDER CODE. SA RAILWAYS, ELECTRICITY COMMISSION AND IRON AND STEEL CORPORATION ARE ALL IMPORTANT BUYERS OF U.S. PRODUCTS. WHILE THEY CLAIM TO BE INDEPENDENT OF CENTRAL GOVERNMENT IN LETTING TENDERS, WE FEEL THAT, IN ABSENCE OF CONTRARY EVIDENCE, THEY SHOULD BE VIEWED AS SUBJECT TO SIMILAR RULES.

5. SPECIAL PROBLEM HAS RECENTLY ARISEN FOR U.S. SALES TO SOUTH AFRICAN GOVERNMENT ENTITIES AS RESULT OF EXPANSION OF U.S. ARMS EMBARGO TO INCLUDE ALL PRODUCTS OF ANY TYPE FOR MILITARY AND POLICE USE. UNDER TERMS OF NEW EMBARGO, SAG GOVERNMENT PURCHASING ENTITIES ARE REQUIRED TO CERTIFY THAT U.S. ORIGIN PRODUCTS ARE NOT FOR MILITARY OR POLICE USE. OTHER MAJOR EXPORTS TO SOUTH AFRICA DO NOT REQUIRE CERTIFICATIONS ON NON-ARMS PRODUCTS. EXTENSION OF U.S. ARMS EMBARGO HAS RESULTED IN EXCLUSION OF U.S. PRODUCTS FROM ANY TENDERS FOR MILITARY OR POLICE USE AND TO CREATE A DEGREE OF INFORMAL PREJUDICE AGAINST U.S. PRODUCTS FOR OTHER GOVERNMENT PURCHASES. IT IS TOO EARLY LIMITED OFFICIAL USE

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TO JUDGE EFFECT OF THIS PREJUDICE BUT IT IS LIKELY TO HAVE AN ADVERSE EFFECT ON SALES ON U.S. PRODUCTS TO SAG ENTITIES OF ALL TYPES.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** GOVERNMENT PROCUREMENT, CENTRAL GOVERNMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PRETOR03628  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780268-0714  
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**Message ID:** 76354f7e-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 147535  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 22 apr 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2178828  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PURCHASING ENTITIES OF THE CENTRAL GOVERNMENT  
**TAGS:** ETRD, SF  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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